

Frequently Asked Questions

Child Care Stabilization Grants

Fall 2021 Application

General Questions

1. What is the Child Care Stabilization Grant program?

The Child Care Stabilization Grant is a \$700 million investment in child care providers across Michigan. The Stabilization Grant is a non-competitive grant for child care providers to help stabilize operations and support the health and safety of children and staff. Half of the funds will be awarded in fall 2021, and half of the funds will be awarded in spring 2022.

2. When can I apply? Will there be multiple grant awards?

The Stabilization Grant will be awarded through two applications—fall and spring.

- Fall 2021 application period: **November 8 – December 8**
- Spring application: Coming March 2022

Providers can receive both grants! Half of available funds will be awarded in the fall and half in the spring. Providers will apply for each grant separately.

3. What is the source of funding for the Child Care Stabilization Grants?

Michigan was awarded \$700 million through the federal American Rescue Plan to provide financial assistance for child care providers to pay for expenses incurred during the pandemic. The state appropriated an additional \$30 million to support bonus pay for professionals working in child care.

These funds will be administered by the Michigan Department of Education (MDE), Child Development and Care Office (CDC).

Eligibility Questions

4. Who can apply for a Child Care Stabilization Grant?

Eligible applicants include:

- Licensed child care centers
- Licensed family homes and group homes
- Tribal-based child care
- Head Start and Great Start Readiness Program (GSRP) programs that also provide tuition-based child care (wrap-around child care for the program day is not considered tuition-based child care). See question 7 for more information.

Eligible applicants must also:

- Be open and available to provide child care services on the date of application OR temporarily closed due to a public health emergency, financial hardship, or other reasons related to the COVID-19 pandemic. If

a provider is temporarily closed, they must have a current license. If your license is lapsed, you are not eligible for funding through this program.

Stabilization grants are available regardless of the receipt of previous federal assistance, including funding from the Child and Development Care program or the Child Care Relief Fund. The provider does not have to participate in the CDC program, commonly called the child care subsidy, to be eligible.

Licensed providers with a suspended license are not eligible for the grant. Licensed providers with a provisional license are eligible for the grant.

5. Are licensed exempt providers eligible?

No. License exempt providers are not eligible for a Stabilization Grant, however, MDE will be releasing a grant specifically for license exempt providers soon. Visit www.michigan.gov/childcare for updates on the application process.

6. I am a GSRP and/or Head Start program, am I eligible to apply?

Maybe. Both Head Start and GSRP programs received GSRP and Head Start funding during the COVID-19 crisis to address program and staff costs.

If you only provide a Head Start and/or GSRP program, you are not eligible for this grant. Head Start and GSRP programs that also provide tuition-based child care are eligible (wrap-around child care for the program day is not considered tuition-based child care).

If you are not sure whether you qualify, please contact the Child Development and Care office at the Michigan Department of Education at 866-990-3227, and we can discuss your situation.

7. Can I apply for a grant if I am still closed and not caring for children?

Yes, if you were temporarily closed due to a public health emergency, financial hardship, or other reasons related to the COVID-19 pandemic you are eligible to apply. To receive funds, you must agree to reopen by no later than three months after accepting the funds or you will have to repay unspent funds to MDE.

8. Can I apply for a grant if I am open, but not currently serving children?

Yes, you must enroll children no later than 3 months after accepting the funds or you will have to repay the unspent funds to MDE. Any unspent funds must be returned within 30 days or April 15, 2022.

9. If a provider has a license, but had their subsidy revoked due to fraud or misrepresentation, or is under investigation for either, do they qualify for funding?

No. A provider with a history of fraud or misrepresentation is not eligible.

10. If my program received previous COVID-relief funding, am I still eligible?

Yes. Stabilization grants are available regardless of the receipt of previous federal assistance, including funding from the Child Development and Care program or the Child Care Relief Fund.

As a reminder, you cannot use these federal funds to pay for expenses already paid for by another funding source.

11. What if I close after receiving the funds?

Closure of the program will require the return of all unspent funds within 30 days after the closure.

12. Can Child Care Stabilization Grants be used to help a new child care provider open or a permanently closed child care provider reopen?

No. The Child Care Stabilization Grants cannot be used to help a new child care provider open or a permanently closed child care provider reopen. These subgrants are designed to stabilize existing child care businesses, not fund start-up or reopening of a provider not currently open for business. MDE will be releasing future funding opportunities to support new and expanding providers.

Application Questions

13. How do I apply?

Eligible child care programs must complete and submit an online application. Visit www.Michigan.gov/childcare to complete the application. If you need help applying, we're here to support you! Contact your Great Start to Quality Resource Center for help with your application by calling 877-614-7328. You may also find another local partner whom you normally work with that may be willing to assist with your application.

Providers will need their log in information for their Great Start to Quality public profile to apply. If you do not know your username or password or you're having trouble logging in, please contact Great Start to Quality at 877-614-7328.

Please use care in completing all required elements on the application to avoid processing delays. Providers successfully completing an application will receive a confirmation of receipt.

Reminder Eligible providers **must** register in SIGMA to receive payment. If you do not have a SIGMA vendor code, visit [Sigma VSS](#) to register to receive payment. If you need assistance, please contact the SIGMA Help Desk at 888-734-8749 or [email SIGMA VSS](#).

14. What if I forget my SIGMA vendor code or I need a SIGMA mail code to receive a grant payment?

If you have forgotten your SIGMA vendor code or SIGMA Address ID, you can look it up by following the instructions at: [How to Find Your SIGMA Vendor Number](#).

If you need assistance, please contact the SIGMA Help Desk for assistance. You can reach the Help Desk at 888-734-9749 or by [emailing SIGMA VSS](#).

SIGMA vendor codes are generated immediately, however if there is an issue with information submitted with the request it could take a bit longer.

15. What if the auto-populated information showing the grant amount is incorrect? How do I change it?

You should save your application and call the Great Start to Quality Resource Center at 877-614-7328 for assistance.

16. Can I save my application, ask a question, and return before I submit?

Yes. Each section of the application has a "save" option. We strongly encourage you to save after completing each section of the application.

17. If I make a mistake in any part of my application, am I disqualified?

We encourage all providers to read the FAQ or call for assistance **before** submitting the grant. You will be able to save your grant application and come back later to complete your application before submission.

Please also review your application to confirm all information is correct before clicking the submit button. Multiple application submissions will not be accepted. If you are aware of an error in your application, please contact the CDC office at 866-990-3227 to discuss options to correct it.

18. How do I apply if I have more than one site?

Child Care Stabilization Grants are site-based (by license number) and each site/location must apply separately.

19. Can I mail an application, or will it need to be submitted online?

Paper applications **will not** be accepted. The application can only be completed and submitted online through link provided at www.michigan.gov/childcare. If you need assistance with submission of an application, please call your local Great Start to Quality Resource Center at 877-614-7328.

20. Am I required to submit supporting documentation or records with my application?

No. You are not required to submit supporting documentation with the online application. You are required to maintain records that support your grant application and use of funds for five years in the event that the records are requested for an audit or other purposes.

To help with record keeping the best practice would be to upload your receipts and documentation into the system as the money is spent. We strongly encourage you to utilize this option to help support any audits that may occur.

21. What certifications are required to receive the grant?

At the end of the application, you will find several certifications for uses of the funded. There are three federally required certifications that all providers must agree to:

- Child care providers receiving funds must be in compliance with all health and safety requirements, local health, fire safety, and zoning requirements, and, to the greatest extent possible implement policies in line with [guidance from the Center for Disease Control \(CDC\)](#) and child care [licensing rules](#) in.

For each employee of the child care program, I agree to pay, each employee (including lead teachers, aides, and any other staff who are

employed by the child care provider to work in transportation, food preparation, or other type of service), I must continue paying at least the same amount of weekly wages and maintain the same benefits (such as health insurance and retirement) for the duration of the grant. I understand that I may not furlough employees from the date of application submission through the duration of the grant period. The grant period ends after you spend all of the funds and submit required reporting.

- I will provide relief from copayments and tuition payments for the families enrolled in the child care program, to the extent possible, and prioritize such relief for families struggling to make either type of payment.

Note: MDE encourages child care providers to provide relief from tuition and copayments, if financially possible, especially for low-income families. However, child care providers are not required to provide relief from copayments and tuition for families in their care during the ARP Act stabilization subgrant period.

Providers must also agree to state-required assurances including that you agree to:

- Spend grant funds on allowable expenses
- Participate in monitoring activities and provide proper documentation
- Notify MDE in the event of a permanent program closure before spending your grant funds.

22. Why does the application request information about my budget?

The federal government requires MDE to collect this information from providers. Your answers will not be used to calculate your grant award. It is acceptable to use your best estimate of your operating expenses.

23. Will there be assistance offered to apply?

Yes. Contact your Great Start to Quality Resource Center for help with your application by calling 877-614-7328. You may also find another local partner whom you normally work with that will be willing to assist with your application. All grant application information is available at www.michigan.gov/childcare.

24. Who do I contact for updates about the status of my application?

You can check the status of your application by logging into your Great Start to Quality public profile page. Here's what each status means:

- **Pending for Submission:** This means you have started your application but not submitted your application.
- **Pending for Review:** This means you have submitted your application and it is ready for review.
- **Approved:** Your application has been approved! You will receive a notice via email with instructions.
- **Denied:** Your application was not eligible for funding. You will receive a notice via email.

If you can't find your status in the application portal, please call your Great Start to Quality Resource Center at 877-614-7328. If you're concerned the status is inaccurate, please contact the CDC office at 866-990-3227 for assistance.

Grant Award Questions

25. How will grant amounts be determined?

Every eligible provider will receive a **base award** and **bonus payments** for providing in demand care.

Base Award for All Providers

Every eligible provider will receive a base award.

- Provider Type
 - Centers \$4,000
 - Group Homes \$3,000
 - Family Homes \$2,000
- Provider Size Award = Licensed capacity (x \$650*)

** Based on the number of applications received and the funding requested the base amount will be reviewed and may be adjusted prior to final awards. Your grant award may be higher!*

Bonus Payments for Eligible Providers

- **Caring for Infants and Toddlers:** Providers serving children 6 week to 30 months (15% of the provider size award)
- **Caring for Child Care Subsidy Children:** Providers serving children receiving the subsidy will receive a bonus (number of subsidy children x 30% of the provider size award)
- **Non-Traditional Hour Bonus:** Providers that offer evening and weekend care (5% of the provider size award)
- **Special Needs Bonus:** For the purposes of this grant application, this is defined as caring for:
 - A child with a disability, as defined in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401)
 - A child who is eligible for early intervention services under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq)
 - A child who is less than 13 years of age and who is eligible for services under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (5% of the provider size award)
- **Quality Bonus:** Providers with a published rating in Great Start to Quality (5% of the provider size award)

Please note: This award is tentative and assumes that 100% of eligible child care providers apply. Final grant awards will be calculated based on the actual number of applicants. Your final award may be higher!

Learn more on how to calculate your grant amount by viewing [Calculating Your Grant Amount](#).

26. What does “caring for a child care subsidy children” mean?

Providers that (on the day of application) have a child(ren) enrolled that is receiving child care subsidy payments.

27. What does “non-traditional hour care” mean?

Providers that offer care prior to 6:00 am or after 6:00 pm on weekdays and/or on the weekend.

28. What does “caring for a child with special needs” mean?

For the purposes of this grant application, this is defined as caring for:

- A child with a disability, as defined in section 619 of the Individuals with Disabilities Education Act (20 U.S.C. 1401);
- A child who is eligible for early intervention services under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq);
- A child who is less than 13 years of age and who is eligible for services under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

29. What if I am in the process of getting a Great Start to Quality rating?

Every provider who has a published Great Start to Quality Rating is eligible for a bonus regardless of your star rating level. If you are in the process of getting rated you should contact the [Early Childhood Investment Corporation](#) for assistance.

30. Will everyone who applies receive a grant?

This is a non-competitive grant. Every eligible child care provider that submits a complete application will receive a grant award. Funding is not awarded on a first come, first serve basis.

31. What if I my application is denied?

You will receive notification if your application is denied. You should contact the CDC office at 866-990-3227 for more information.

32. If I am awarded a Child Care Stabilization Grant, when will I receive my grant award?

Assuming the application materials are submitted correctly and received within the allowable time-period, awards will be distributed after January 10, 2022.

33. Who do I contact I have questions about the grant amount I received or I believe my grant amount is incorrect?

You should contact the CDC office at 866-990-3227 for assistance.

34. Is the grant award considered taxable income at the state and federal levels?

Yes. The Child Care Stabilization Grant is considered income and is taxable. Programs that are awarded a grant will receive an IRS Tax Form 1099-NEC. This funding is subject to the same tax rules as regular CCDF funding. State tax rules apply.

Regarding federal tax rules, please contact your tax preparer or the Internal Revenue Service for guidance. In some cases, funds used to cover operating

expenses may be exempt from taxation.

We strongly urge you talk with your tax preparer to create a plan for how to estimate the tax implications for planning purposes.

View additional information about tax implications in [Child Care Stabilization Grant Tax Implications](#).

35. Can these funds be used to help cover the costs of consulting with a tax preparer?

Yes. Funds can be used for this purpose under “goods and services”.

36. Can these funds be used to pay for taxes.

No. Providers must use funds on allowable expenses described in question #38 below.

37. Are child care stabilization subgrants considered “payments made to beneficiaries of a federal program,” as described in 45 CFR 75.2, similar to direct child care subsidies paid under the voucher program? Or are these considered “sub-recipients”?

Child Care Stabilization subgrants included in the ARP Act are benefits to a child care provider and are considered payments made to beneficiaries of a federal program, which is the same as with child care subsidies under the voucher program. Providers receiving stabilization subgrants are not categorized as “sub-recipients” as defined at 45 CFR 75.2.

Allowable Expenses Questions

38. What can these funds be used for?

This grant is intended to support operational expenses and your COVID-response. You must spend grant funds on one or more of the following:

- Personnel costs,
- Rent or mortgage payments,
- Insurance,
- Facility maintenance and improvements,
- Personal protective equipment (PPE) and COVID-related supplies,
- Training and professional development related to health and safety practices,
- Goods and services needed to resume providing care,
- Mental health supports for children and early educators, or
- Reimbursement of costs associated with the current public health emergency.

To be an allowable use of the grant, expenses must fit into one of the allowable purposes. We get a lot of questions about allowable expenses. The [tools from First Children’s Finance](#) are a valuable first step. The materials review common expenses in each area and recommends how to track and document spending.

[Construction and major renovations](#) are specifically not allowed. Major renovation means: (1) structural changes to the foundation, roof, floor,

exterior or load-bearing walls of a facility, or the extension of a facility to increase its floor area; or (2) extensive alteration of a facility such as to significantly change its function and purpose, even if such renovation does not include any structural change.

Improvements to a facility that are not considered major renovations may be considered minor renovations, facility maintenance, or improvements and are allowed.

NOTE: Costs incurred after the declaration of the public health emergency on January 31, 2020, (but before the March 11, 2021, ARP Act date of enactment), for any of the uses of funds outlined above, as long as those uses were made in response to the COVID-19 public health emergency (including child care operating expenses related to rent and mortgage and facilities; insurance, utilities, internet, phones, personal protective equipment, sanitation, and health and safety; equipment and supplies; goods and services; and mental health services as described above).

39. Can I improve my space in response to the pandemic?

Any improvement or upgrade to a facility that is not specified under the definition of major renovation*, may be considered a minor renovation and may be allowed if it is part of normal operational expenses. These funds may be used for minor renovations related to meeting the requirements of the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101, et. seq.).

* Major renovations is defined as: (1) structural changes to the foundation, roof, floor, exterior or load-bearing walls of a facility, or the extension of a facility to increase its floor area; or (2) extensive alteration of a facility such as to significantly change its function and purpose, even if such renovation does not include any structural change. Major remodeling is not allowed for these funds.

40. Can grant funds be used to assist in the purchase of a child care program?

No. Stabilization Grant funds cannot be used to assist in the purchase of a child care program.

41. When do I need to spend these funds?

If you wish to apply for both grant opportunities, the funds for the March 2022 application will not be released until funds from the Fall 2021 grant are reported as spent. Overall, funds must be fully spent by July 31, 2023.

42. What if I can't spend all my grant award by July 2023?

You must contact the CDC office at 866-990-3227. Prior to returning funds, providers will be asked to meet with a technical assistance provider to discuss options to use remaining funds on allowable uses. Providers must contact the CDC office with concerns about funds that cannot be spent by July 1, 2023.

Funds for Staff Bonus Payments and Recruitment

43. Will child care staff members receive bonuses through the Child Care Stabilization Grant?

Yes. When child care providers apply for a Stabilization Grant, they will receive additional funding for staff retention bonuses. In each Stabilization Grant award, providers will receive additional bonus money for staff—\$1,000 per full time staff member and \$500 per part time staff member.

Staff retention bonus funds must be used to provide additional wage, salary, employee benefits, or bonus compensation to staff. Providers agree to return funds if it is determined that they did not use these funds to pay staff as described here.

To receive funds, providers will report the number of full time and part time staff on payroll in their Child Care Stabilization Grant Application. Staff counts should be current as of the provider's application date.

To qualify, staff must:

- provide direct child care services and/or administration,
- work at the child care facility, and
- be on payroll.

Home providers should include themselves in the count. Center directors can also be counted.

Volunteers and contracted staff do not qualify for bonus payments. If you issue a 1099 to a staff member, they are considered a contracted staff.

Each staff member should only be counted once.

Providers may choose to use additional funds from their Stabilization Grant to increase staff compensation, increase staff wages, provide additional bonuses, or for recruitment purposes. That may include:

- Bonuses or increases in wages for any period between January 2020 and July 2023.
- Contributions toward health insurance costs that reduce costs for staff
- Contributions to staff retirement funds.
- Educational advancement or tuition reimbursement for staff.
- Coverage of child care costs for staff members' children. (This can be done regardless of where care is provided.)

44. How do I determine whether a staff person is full time or part time?

- Full time staff work an average of 30+ hours a week.
- Part time staff work an average of 29 or fewer hours a week.

45. When should staff retention bonuses be paid?

Staff retention bonuses must be paid to employees as soon as possible after receiving the grant funds from the Department, but no later than March 1, 2022. Employers may choose to pay bonuses as additional wages, salary, employee benefits, or bonus compensation.

46. Is there funding available for recruitment/hiring bonuses to help recruit new staff?

Yes. When child care providers apply for a Stabilization Grant, they may request additional funding for recruitment/hiring bonuses to help recruit new staff. In each Stabilization Grant award, providers may request additional funds for Recruitment/sign on bonus —\$1,000 per new full time staff member and \$500 per new part time staff member.

Recruitment/sign on bonus funds must be used to provide additional wage, salary, employee benefits, or bonus compensation to new staff. Providers agree to return funds if it is determined that they did not use these funds to pay staff as described here.

To receive funds, providers will report the number of full time and part time vacancies in their Child Care Stabilization Grant Application. Vacancies should be current as of the provider's application date. Providers must assure they will hire staff and award sign on bonuses within six months of receiving the funds. Recruitment/hiring bonuses will be awarded pending available funds. Providers may also use funds from their Stabilization Grant to offer recruitment/hiring bonuses.

47. Do child care staff need to apply to the state to receive a bonus?

No. Employers apply for funding by submitting their application for the Child Care Stabilization Grant. If you're not sure if your employer is applying, ask them, and share the grant website at [Michigan.gov/childcare](https://www.michigan.gov/childcare).

Reporting Requirements

48. What will be required for reporting?

Providers will be required to report how they spent the funds, current enrollment information, and will be asked to verify payments of bonuses to staff.

In addition, reporting will be required for recruitment and hiring funds. Providers will be asked to report and verify expenses used for those purposes. Reporting is required within six months or funds must be returned.

Reporting will occur through the Great Start to Quality system. To prepare for reporting, MDE recommends using the [Expense Tracking Tool](#) to track spending and maintain records.

Additional information about reporting will be available at www.michigan.gov/childcare and through webinars to be scheduled soon.

49. Will there be assistance offered in completing required reporting?

Yes. Technical assistances will be available for all provider-types eligible for the grants. Providers can contact their Great Start to Quality Resource Center for assistance with reporting at 877-614-7328. Additional resources will be available at www.michigan.gov/childcare.